

# It Cost Co-Ops 20 Million Dollars to Market 90 Million Dollars Worth of Members' Weed

## Receivers' Report Shows Why Project Resulted in Financial Failure

### Salaries Astound Public

**Total of Attorneys' Fees Was \$289,867.03 in Four Years. Sapiro Took \$141,354.35. Association Received \$98,186,272.70 and Expenses Were \$20,011,285.60.**

Raleigh, Jan. 3.—During the four years of its existence the Tri-State Tobacco Growers' Co-operative Association spent \$20,011,285.60, or more than 20 per cent of its sales of \$98,186,272.70, according to a special report of the receivers which has been filed with United States Judge I. M. Hopkins here. The expense was divided as follows: General overhead expense, \$8,214,545.89; redrying expense, \$9,596,797.55; carrying charges, \$2,209,942.46.

The special report, which carries in detail the same heavy expense items in salaries, lawyers' fees and excessive prices paid for warehouses, which featured the court proceedings preceding the appointment of receivers, omits any reference to dealing with banks.

This question has been the subject of an inquiry by the special master appointed by the courts, which has not yet been concluded. It has already been shown, however, that while the association received interest on some of its bank deposits that it received no interest from the American National bank of Richmond, of which the president is Oliver J. Sands, of Richmond, who headed the finance committee of the association receiving for a portion of the time a salary of \$12,000 a year from the association.

The report was made public without comment by the three receivers, James H. Pou, of Raleigh; Hallett S. Ward, of Washington, and M. L. Corey, of New York.

#### Consider Principle Sound.

However, the attitude of the receivers is well known and has been made clear in previous reports and is expected to be amplified in future statements. Mistaken policies and bad management are believed by the receivers to have made the receivership inevitable, but the three men who still have on hand 44,000,000 of the 70,000,000 pounds of tobacco, which were turned over to them when a receivership was ordered on June 19, 1926, have become profoundly convinced that co-operative marketing of tobacco is not only desirable but may become necessary and that the mistakes of the old association are mistakes that can be avoided in the future.

Any statement which may be made by the receivers is expected to put down the size of the organization, which operated under the laws of the three States of Virginia, North Carolina and South Carolina and in five separate and distinct tobacco growing belts as a fundamental mistake.

Any analysis of the expenditures is expected to ascribed many of the items to an unsuccessful attempt to secure "market control" and to a mistaken assumption that the steps taken would assure "market control."

Neither the receivers nor their attorneys have yet been paid for their service and, therefore, no comparison of expenses is yet possible, aside from the difficulties encountered in any comparison between a business in operation and one in process of liquidation.

#### Record Filed With Court.

However, the record of the old association has now been written and is on file in the offices of the clerks of the five Federal court districts in which the association operated for the inspection of anyone who cares to examine them.

The story told by the figures in, in the main, the same that was detailed in the evidence taken in the hearing on the petition for appointment of receivers.

One new item, however, is added, the bids received on warehouses in

the Central Carolina Warehousing Corporation, which average about 60 per cent of the prices paid for the same properties when they were purchased four years ago.

#### Sale of Warehouses.

It is believed that a lower average will be received from sale of warehouses in other belts which have not yet been sold. The "Banner" warehouse at Durham was bought for \$60,000 and sold for \$5,000. With this exception there was a loss on each warehouse some of them bringing considerably less than half of the price paid for them. Other warehouses operated by the association with prices paid for them and the auction bid at receivers' sale follows.

Carthage: Farmers and Planters, purchase price, \$10,500; auction bid \$3,000.

Creedmoor: Globe, purchase price, \$5,000; auction bid, \$900.

Henderson: Banner, purchase, \$35,000; auction bid, \$21,500; Union, purchase price, \$30,000; auction price, \$8,000.

Kernersville: New, purchase price, \$15,000; auction bid, \$5,350.

Madison: Farmers, purchase price, \$15,000; New, purchase price, \$27,107.22; auction bid for latter, \$17,450 the Farmers' warehouse having been given in part payment for the latter.

Mebane: Planters, purchase price, \$17,000; auction bid, \$8,000.

Norlina: New, purchase price, \$17,400; auction bid, \$2,000.

Oxford, Granville, purchase price, \$30,000; burned, insurance, \$16,507, lot sold for \$8,625; Mangum, purchase price, \$42,500; auction bid, \$32,300; Owen, purchase price, \$35,000; auction bid, \$25,000.

Roxboro: Planters, purchase price, \$35,000; auction bid, \$14,000.

Stoneville: Brown, purchase price, \$3,000; Union, purchase price, \$10,500.

Winston-Salem: New, purchase price, \$77,276.93.

The report carries details as to leases and sales of other warehouses in Virginia and South Carolina, and also as to leases in Eastern North Carolina.

#### Items of Expense.

This report lists in detail amounts paid for attorney's fees, amounting to \$295,767.03, of which Aaron Sapiro and his associates received \$141,354.35. Sapiro has pending a claim for \$4,000.

The total tobacco sales for 1922 crop amounted to \$7,619,287.88; for 1923 crop to \$35,293,161.59; for 1924 crop to \$16,748,512.24; for 1925 crop to \$8,525,510.99, making a total of \$98,186,272.70.

The summary of expenses for these same years follows. For 1922, \$4,355,595.54; for 1923 crop, \$7,039,564.34; for 1924 crop, \$5,347,090.03; for 1925 crop, \$3,269,125.69, making a total of \$20,011,285.60.

Included in the total overhead expense is the aggregate sum of \$49,198.59 paid to various newspapers in the three states, part of which was for advertising, part for stationery furnished, job printing, etc.

The number of pounds of tobacco received each year was as follows: 1922 crop, 163,590,169 pounds; 1923 crop, 180,137,952 pounds; 1924 crop, 83,639, 674 pounds.

The general overhead expense, which included salaries and warehouse operating expense, was as follows: 1922 crop, \$2,407,791.22; 1923 crop, \$2,624,548.95; 1924 crop \$1,883,599.56; 1925 crop, \$1,476,368.38.

Redrying charges were as follows: 1922 crop, \$1,534,173.21; 1923 crop, \$2,505,835.07; 1924 crop, \$2,866,701.92; 1925 crop, \$1,692,097.05.

Carrying charges for the four crops were divided as follows: 1922 crop \$415,673.74; 1923 crop, \$1,911,190.32; 1924 crop, \$591,353.55; 1925 crop \$191,734.85.

Salaries for officers and directors of the association are listed as follows: 1922 fiscal year, \$199,374.93; 1923, \$167,728.39; 1924, \$113,598.39; 1925, \$74,363.21; 1926, \$9,292.29.

(Continued to back page.)

### MUSSOLINI PUTS STOP TO NEW YEAR GAIETY

Starts Out With Determination of Making 1927 Year of Labor in Italy.

Rome, Jan. 1.—Premier Mussolini's determination to make 1927 a year of intense labor, with pay reduced to a minimum, got off to a flying start when at 1 o'clock this morning Rome's New Year's celebration was cut short at the height of its gaiety.

Somewhat had the New Year been ushered in at cabarets, night clubs and other haunts of public merriment when the prefect ordered that music must cease and entrance be refused at 1 o'clock and the places cleared by two. One cabaret, exempt from the order because it had registered as an art theatre, did a land office business.

Simultaneously the police enforced an order prohibiting the time-honored custom of firing revolvers and dumping from windows crockery and worn-out kitchen utensils.

"Those who have work to do," the authorities explained, "should not be disturbed by such foolishness."

### Interest in Explosion Costs Him His Life.

Hamlet, Dec. 31.—J. B. Wilson, well known citizen of the Capel Mill section of the county, was instantly killed in an unusual manner. He had packed powder into an old wagon hub and plugged up the ends, inserting a fuse for firing. He stuck a match to the fuse and ran off about 60 feet to wait for the explosion. When the powder did explode it blew the hub straight toward him striking him on the forehead and literally blowing off the top of his head. He died instantly.

Mr. Wilson was about 53 years old. He is survived by his wife and several children.

### Happenings Twenty-one Years Ago

Interesting Items Gleaned From the Files of The Mount Airy News 21 Years Ago This Week

Governor of Idaho is killed by a bomb placed near his front gate which was exploded when he opened the gate, terribly mangled his body.

Capt. T. J. Blackburn, of this city, was married last week to Miss Margaret Snow, Rev. J. E. Smith officiating.

R. T. Joyce and wife left this week for Savannah, Ga., where they will spend the winter.

During the holidays Mr. S. M. Hale moved into his new home in east Mount Airy. The building is large and well located and is one of the nicest places in the city.

E. C. Hines, owner of the telephone system, the past week bought a lot just below The News office and will build a two-story brick building 80 feet long.

The Ward bill went into effect Jan. 1st and closed down the big distilleries at Shore, Williams and Advance, this state.

Rev. and Mrs. C. C. Haymore entertained a few of their friends at their comfortable home on North Main street last Thursday evening.

Capt. D. D. Parks tells us that he has the assurance that a troop of 35 negroes will give a minstrel at the Opera House Jan. 20th. This is said to be one of the best shows on the road. The admission will be high, probably \$1.00.

This week J. B. Sparger bought the lot on Main Street just north of W. W. Burke's store from Geo. W. Sparger for the sum of \$4,000. This lot is about 30 feet wide and 100 feet deep. Mr. Sparger will at once erect a modern business house on it. The building will be three stories and a basement and will possibly be occupied by the F. L. Smith Hardware Company.

With the coming of the New Year many of the clerks of this city changed places of business. Will Tilley resigned his place with Jackson & Lovell and will be with E. C. Foy Furniture Co.; A. E. Grubbs goes from Foy's to Sheppard & Wormald; Luther Martin goes from J. E. Barber's to Mt. Airy Clothing Co. Walter Martin goes from E. M. Hale to West-

Hill Co. Charley McGrady from H. Schafer to S. M. Hale's. Charley Waller from Bowman & Bowman to Welch & Mitchell.

The Blue Ridge Inn changed hands the first of the year and is now run by Mr. Gaston Galloway. He is an accommodating gentleman and no doubt will receive a large patronage. Mr. Sam G. Pace, the retiring proprietor, moves back to his residence on Franklin Street and we hear will devote most of his time to dealing in fine horses.

It is not often that a man in this section of the state refuses a position that pays in hard cash the sum of \$1,000.00 per year, but that is just what Mr. J. B. Sparger of this city did this week.

For several years Mr. Sparger was stamp clerk in this city and managed the stamp office in such a satisfactory way to the department that they saw in him qualifications that make him a desirable man for a responsible position. So Collector Harkins has just offered him the position of cashier in his office at Asheville at the above named salary.

Mr. Sparger will not accept and his refusal is due to his large business interests in this city. He is secretary and treasurer of both the North State Bobbin Co. and the Banner Mfg. Co. He owns one-half interest in the large hardware business of F. L. Smith & Co., and is a large stockholder and vice-president of the Mt. Airy Orchard Co. He has a fertilizer business here that handles \$20,000 worth of fertilizer each year. He owns one-half interest in the Mayo Lumber Co. that takes much of his time. This is one of the largest enterprises in this section. They own 6,000 acres of fine timber land a few miles north of town and are under contract to deliver 200,000 feet of lumber each month this year. All these interests make it out of the question for Mr. Sparger to accept, but all the same, Mount Airy is proud that she has a citizen who, by his honesty and fine business qualifications, is sought after when the government needs a man to fill a responsible position.

### AL SMITH HINTS AT BEING CANDIDATE

N. Y. Governor Indicates He Will Try For The Democratic Nomination.

Albany, N. Y., Jan. 1.—Governor Alfred E. Smith, in his inaugural address here today, indicated that he was a candidate for the Democratic Presidential nomination in 1928.

"I have no idea of what the future has in store for me," he said. "Everybody else in the United States has some notion of this except myself. No man would stand before an assemblage like this and say he was not receptive to the highest office in the gift of the people. But I will say that I will do nothing to seek it except to give to the people of this state the kind and character service that will make me deserve it if I ever get it."

This, the only reference the governor made to his political future, was greeted with thunderous applause, not only in the assembly chamber, where the formal ceremony took place, but also in the Senate chamber and lobby on the other side of the state capitol, which were crowded with hundreds of ticket holders unable to gain entrance to the ceremony itself. Telephone amplifiers carried to the upper house and lobby the audible portions of the exercises.

The Governor's address, which required about ten minutes in delivery, was devoted almost entirely to a review of the growth of the business of the state government, its expanding activities, increasing budget, and to the need of co-operation between the executive and legislative branches of government. He pleaded for the co-operation of the Republican legislature in solving the controversial problems of statecraft, and promising hearty co-operation on his own part. Mrs. Florence E. S. Knapp, secretary of state, was in charge of the ceremonies, and administered the oath of office.

### Dobson News

By HENRY C. HAMPTON.

Dobson, Jan. 3.—Fifty-eight marriage licenses were issued by W. F. Lawrence, register of deeds during the month of December. The following couples received licenses to marry during the past week: E. H. Cook, to Mammie Lane, both Pilot Mountain; Brady Nixon, to Ella Hardy, both Dobson; Hauis Adams, to Tallie Burton, Rusk; Coy White, to Floye Corder, both Rusk; Herman McGee, to Willie Simmons, both Mount Airy; Chas. Snow, to Lucy Johnson, both Round Peak; Frank Kelley, Rockingham, to Addie Anderson, Mount Airy; W. R. Parrish, to Jeanette Sutphin, both Mount Airy; Elwood Coe, Mount Airy, to Naomi Barnes, Pilot Mountain; A. J. Fincham, Pilot Mountain, to Sadie Jones, Pinnacle.

The schools of Surry County, both city and rural, began the spring term today. The Dobson high school and rural schools suspended for 16 days Christmas holidays. The faculty of the local high school returned Sunday and were ready for the opening this morning.

Funeral services for the 9 months old daughter of Mr. and Mrs. Tom Hutchens were held Saturday afternoon from the Piney Grove Baptist Church, Rev. Ira Ferguson, the pastor conducted the services. Interment followed in the church cemetery. The little girl passed away Friday following a brief illness of pneumonia.

Grover Kidd, of Flint, Michigan, and Walter Kidd, of New Castle, Ind., spent the holidays with their parents Mr. and Mrs. Allen Kidd.

With the coming home of college boys and girls for the Christmas holidays and with the arrival of many visitors from far and near Dobson entertainers have been unusually busy during the past week, arranging social activities which have gone toward making of the holiday season one of the most enjoyable yet witnessed in Dobson. One of the prettiest parties of the holiday season was that given by Miss Edith Reese last Monday evening, complimenting Miss Lillian Perry, of Canton, guest of Miss Rachel Freeman. The home was decorated with quantities of holiday greens carrying out the seasons color scheme. Contests and games were enjoyed during the evening. Later in the evening delicious refreshments were served.

On Thursday evening, Miss Emma Comer entertained very delightfully at a party, honoring her guest Miss Elizabeth Turner, of Elkin. The home was attractively decorated with holly and other Christmas greens. Many contests and amusing games were enjoyed during the evening and a delicious salad course was served.

Friday evening Miss Elizabeth Folger entertained at a New Year's eve party. The decorations consisted of holly and Christmas flowers and ferns. The guests were received at the front door by Mrs. Edwin Bowles, of Asheville, sister of the hostess. Games, cards, dancing and contests were participated in during the evening. An interesting feature of the evening was watching the Old Year go out and the New Year come in. Mrs. Folger, mother of the hostess, assisted by Mrs. Sam Poole served sandwiches, pickles, hot coffee, nuts, candy and mints. Out of town guests enjoying Miss Folgers hospitality were Elizabeth Turner, Elkin; Mr. and Mrs. Sam Poole, Raleigh; Mr. and Mrs. G. E. Mock, Winston-Salem; Sarah Mimms, Greensboro; John Bodenheimer, Ward and Norman Harkrader, Richmond, Va.; Glenn Eison, Paul Eison and Carl Brazington, Gastonia; Dr. Carl Folger, Spartanburg, S. C.; Miss Folger's guests numbered about 50.

Mr. and Mrs. W. L. Reese had as their guests during the holidays Prof. and Mrs. Sidney Jones and family, of Marion, and Dr. Viola Reese, of Washington, D. C., and Mr. and Mrs. G. E. Mock, of Winston-Salem.

Mrs. Lela Lowallyn left the past week for Mount Airy where she will spend some time with her daughter Mrs. Dr. Lancaster.

Complimenting Miss Sarah Mimms, of Greensboro, house guest of Miss Clara Freeman, Miss Fern Folger entertained at a delightful party Saturday evening. The reception room and dining room were thrown on suite and attractively decorated with Christmas evergreens and holly. Several musical selections were rendered during the evening and interesting games were played. At the conclusion of the games, the hostess

entertained by Miss Rachel Freeman and Clara Freeman, and Mrs. Sam Poole served a delicious salad course with coffee.

Mr. H. E. White, county agent, is expecting Mr. E. C. Blair, Extension Agronomist of State College, Raleigh, here February 25th, to assist him in working out a rotation system for the county home farm.

Assisting H. E. White, county agent, in a fruit growers conference to be held at Mount Airy on January 19th and 20th, are Prof. Newman, of the Progressive Farmer, Raleigh; C. D. Matthews, chairman, Division of Horticulture, State College; E. V. Morrow, Horticulturist, State College; C. H. Brannon, insect specialist, Raleigh; H. E. Neiswonger, horticulturist, State College, Raleigh.

Joe Brintle, son of Mr. and Mrs. Lee Brintle, of Turners Mountain, returned to Trinity College today where he will resume his studies.

A wedding of more than usual interest that occurred in this community during the Christmas holidays was when Miss Myrtle Jones, attractive daughter of Mr. and Mrs. Dan Jones, of Salem Fork, became the bride of Neaman Cook, son of Mr. and Mrs. Frank Cook, of Judasville. The marriage ceremony was performed by Squire Byrd Snow in the presence of a few close friends and relatives. Mr. Cook is a progressive farmer and is a young man who possesses many sterling qualities. They have many friends in this community who wish for them a happy married life.

The regular February term of Surry Superior court will convene at Dobson on February 7th, 1927, for one week, for the trial of civil cases only. The jury drawn today for this term is as follows: Barker, R. J.; Booker, J. C.; Johnson, R. F.; Parker, J. M.; Snow, C. B.; Lawson, C. A.; Key W. A.; Fuller, John F.; Teah, J. A.; Partridge, W. B.; Bates, F. A.; Harbour, S. G.; Lawrence, J. G.; Bowman, A. G.; Jones, M. F.; Walters, J. A.; Gammons, Jay; Short, W. W.; Byrd L. W.; Stanley, T. E.; Reese, E. S.; White, N. B.; Hutcherson, G. W.; Caudle, E. J.; Boyles, J. R.; Atkins R. L.; Franklin, C. B.; Inman, Matt; Riddle, Floyd; Critz, W. A.; Evans, W. J.; Chilton, M. A.; Walters E. W.; Lillard, J. L.; Park, L. C.; Asburn, T. S. There will be no January term of court as previously announced in this column.

### Health Board Drafts Bills.

Raleigh, Dec. 18.—Two bills, one to increase the salary of the secretary of the State Board of Health from \$5,000 to \$10,000 a year, and another to provide compulsory examination and medical treatment of all school children in the state within six months either before or after they enter school, will be actively sponsored by the board, it was announced following a meeting of the entire board here Thursday. Plans for an extensive soil pollution research campaign, to last over a period of from three to five years, were also discussed. Such a campaign would cost approximately \$30,000, it is estimated, but the International Health board will be asked to defray most of the expense. Such a campaign would determine the degree of soil pollution resulting from privies, cesspools, and other soil polluting agencies.

However, it was indicated that chief stress would be placed on the two bills which will be offered in the forthcoming legislature. It has long been known that an effort would be made to have the salary of the secretary increased, and this move on the part of the board merely serves to fulfill predictions.

The compulsory medical examination and treatment bill is the same bill which was offered in the last legislature by Dr. W. S. Rankin, then secretary of the board of health, but later withdrawn, without ever having been brought before the legislature. The bill is far reaching but will impose but very little additional expense upon the state, according to its proponents.

According to the estimates of the board, out of 800,000 school children in the state, from 40,000 to 60,000 are physically impaired. Under the law, if enacted, it would be necessary to examine from 200 to 1,000 children in each county each year as they enter school. And of the number, from 200 to 250 would require treatment. The examination will be without cost to the parents, but parents would be expected to pay for the treatment when financially able. Otherwise the board of health will pay for it.